

## CONTAINING VENEZUELA'S HUGO CHAVEZ: UNITED STATES FOREIGN POLICY OPTIONS

BY

COLONEL THOMAS J. ROTH  
United States Army

### DISTRIBUTION STATEMENT A:

Approved for Public Release.  
Distribution is Unlimited.

USAWC CLASS OF 2011

This SRP is submitted in partial fulfillment of the requirements of the Master of Strategic Studies Degree. The views expressed in this student academic research paper are those of the author and do not reflect the official policy or position of the Department of the Army, Department of Defense, or the U.S. Government.



U.S. Army War College, Carlisle Barracks, PA 17013-5050

The U.S. Army War College is accredited by the Commission on Higher Education of the Middle State Association of Colleges and Schools, 3624 Market Street, Philadelphia, PA 19104, (215) 662-5606. The Commission on Higher Education is an institutional accrediting agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation.

REPORT DOCUMENTATION PAGE				Form Approved OMB No. 0704-0188	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing this collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. <b>PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.</b>					
1. REPORT DATE (DD-MM-YYYY) 16-02-2010		2. REPORT TYPE Strategy Research Project		3. DATES COVERED (From - To)	
4. TITLE AND SUBTITLE Containing Venezuela's Hugo Chavez: United States Foreign Policy Options				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)  Colonel Thomas J. Roth				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)  Professor Eugene L. Thompson Senior Leader Development				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) U.S. Army War College 122 Forbes Avenue Carlisle, PA 17013				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION / AVAILABILITY STATEMENT Distribution A: Unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT Venezuelan President Hugo Chavez is an enigma to the United States Government (USG); and his domestic and foreign policy objectives have increased regional tensions. Domestically, President Chavez is building sizeable military capabilities and he recently announced his intent for Venezuela to obtain nuclear energy. In foreign policy, President Chavez manipulates neighboring states through soft and social power programs and he maintains close ties with states antagonistic to the U.S. While distracted by other conflicts, the USG is not paying adequate attention or is down-playing the significance of the Chavez-led Government. This monograph advocates USG policies to marginalize and contain Chavez' regional influence; deter external state actors from supporting his government; and weaken his domestic standing. The USG is postured to accomplish these policy objectives through coordination with Russia and other South American states; and through the direct application of economic and information instruments of national power.					
15. SUBJECT TERMS Chavez, Bolivarian Revolution, Russia, Iran, OAS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT  UNLIMITED	18. NUMBER OF PAGES  30	19a. NAME OF RESPONSIBLE PERSON
a. REPORT UNCLASSIFIED	b. ABSTRACT UNCLASSIFIED	c. THIS PAGE UNCLASSIFIED			19b. TELEPHONE NUMBER (include area code)



USAWC STRATEGY RESEARCH PROJECT

**CONTAINING VENEZUELA'S HUGO CHAVEZ:  
UNITED STATES FOREIGN POLICY OPTIONS**

by

Colonel Thomas J. Roth  
United States Army

Professor Eugene L. Thompson  
Project Adviser

This SRP is submitted in partial fulfillment of the requirements of the Master of Strategic Studies Degree. The U.S. Army War College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools, 3624 Market Street, Philadelphia, PA 19104, (215) 662-5606. The Commission on Higher Education is an institutional accrediting agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation.

The views expressed in this student academic research paper are those of the author and do not reflect the official policy or position of the Department of the Army, Department of Defense, or the U.S. Government.

U.S. Army War College  
CARLISLE BARRACKS, PENNSYLVANIA 17013



## **ABSTRACT**

AUTHOR: Colonel Thomas J. Roth

TITLE: Containing Venezuela's Hugo Chavez: United States Foreign Policy Options

FORMAT: Strategy Research Project

DATE: 16 Feb 2010      WORD COUNT: 6,353      PAGES: 30

KEY TERMS: Chavez, Bolivarian Revolution, Russia, Iran, OAS

CLASSIFICATION: Unclassified

Venezuelan President Hugo Chavez is an enigma to the United States Government (USG); and his domestic and foreign policy objectives have increased regional tensions. Domestically, President Chavez is building sizeable military capabilities and he recently announced his intent for Venezuela to obtain nuclear energy. In foreign policy, President Chavez manipulates neighboring states through soft and social power programs and he maintains close ties with states antagonistic to the U.S. While distracted by other conflicts, the USG is not paying adequate attention or is downplaying the significance of the Chavez-led Government. This monograph advocates USG policies to marginalize and contain Chavez' regional influence; deter external state actors from supporting his government; and weaken his domestic standing. The USG is postured to accomplish these policy objectives through coordination with Russia and other South American states; and through the direct application of economic and information instruments of national power.





## CONTAINING VENEZUELA'S HUGO CHAVEZ: UNITED STATES FOREIGN POLICY OPTIONS

Hugo Chavez, president of Venezuela, is an enigma to the United States Government (USG) and his government threatens to destabilize Central and South America. During his eleven years in power and leading up to elections held last September, President Chavez effectively controlled Venezuela's government; and he exploited his unchallenged power to distance Venezuela diplomatically and economically from the United States. Concurrently, he nurtured relations with countries willing to challenge America in the region – most notably Russia and Iran – to contest USG diplomatic, military and economic hegemony and to underscore the Venezuelan Government's antipathy towards the USG. On 15 October 2010, President Chavez signed an agreement in Moscow for Russia to build a nuclear power plant in Venezuela. This act, if executed, presents a direct challenge to the United States and raises further doubts about the viability of the Nuclear Non-Proliferation Treaty (NPT). Hugo Chavez is, at best, an agitator with the financial means to fund guerilla movements while simultaneously buying off or isolating regional competitors; and he poses both an immediate and a long-term threat to United States interests.

The USG should actively pursue policies to marginalize and contain his regional influence; deter external state actors – specifically Russia – from supporting his government; and weaken his domestic standing. The USG is postured to accomplish these policy objectives through negotiation and coordination with Russia and other South American states. Additionally, the USG can apply economic and information instruments of national power to affect Venezuelan domestic and foreign policies.

The purpose of this monograph is to recommend USG policy options based on the author's examination of specific Venezuelan foreign and domestic policies that enable President Chavez to confront the USG with impunity. President Chavez' challenges the USG through two core strategies. Firstly, he pursues diplomatic, military and economic relations with Russia, Iran and other USG competitors to directly challenge USG power and interests in the Southern Hemisphere. Furthermore, he effectively uses a *social power* foreign policy in South America to encourage regional supporters and to neutralize opposition to his domestic and foreign activities.<sup>1</sup> In short, Chavez provides money or favorable trade arrangements to friendly governments to gain influence. To employ this form of foreign policy, Chavez depends heavily on international oil sales. Consideration of Venezuela's foreign policy and attending relationships provide a basis for recommending diplomatic, information, military and economic (DIME) ways and means to limit Chavez's activities and contain his regional influence.

#### President Chavez and the Bolivarian Revolution – *Why Pay Attention?*

As noted, Chavez is antagonistic toward the United States; and his autocratic domestic policies threaten Venezuela's fragile democracy and the unity and common purpose within the Organization of American States. His personality, physical appearance and boorish behavior conjure images of former Panamanian strongman, Manuel Noriega. Unlike Noriega, Chavez has a vision for and commitment to his socialist cause (the Bolivarian Revolution) in Venezuela. He understands and effectively operates in his internal and external environments, and he is a wily manipulator of executive power. As the dominant political personality in Venezuela, Chavez is a formidable international opponent. While the USG is focused on solving

problems in Afghanistan, Asia and the Middle East, Hugo Chavez is deliberately and methodically marginalizing America's role and influence in the Southern Hemisphere.<sup>2</sup>

President Chavez' policies do not reflect the best interests of Venezuela and threaten the state's economic viability. Although generally popular with the masses, he successfully sold his political agenda to the Venezuelan public through targeted propaganda and public largesse.<sup>3</sup> He mostly pays for his domestic programs and distorts consumer prices through control of Venezuela's oil export revenues. As a result of his government's fiscal extravagance, imposition of price controls, and nationalization of key industries (which discourages investment), Venezuela's economy is in disarray and Chavez' popularity is in decline.<sup>4</sup>

First and foremost, President Chavez seeks to maintain his personal power as the Venezuelan head of state beyond the expiration of his presidential term. In that vein, he hopes to perpetuate the Bolivarian Revolution, specifically his political apparatus, in Venezuela indefinitely. President Chavez' actions to modify Venezuela's constitution and election laws support this claim. His power base resides in the National Assembly, where the United Socialist Party of Venezuela (PSUV), Chavez's political party, controls 90 of 165 seats (as of September 2010)<sup>5</sup>.

Prior to the September 2010 election, the PSUV held over 90 percent of the seats after Venezuelan opposition parties boycotted the 2005 national election. Through this majority control, President Chavez passed legislation to eliminate presidential term limits, nationalize certain industries, and to permit gerrymandering of electoral districts favorable to the PSUV<sup>6</sup>. Arguably, Chavez is losing political power as evidenced by the September elections. Nothing in his autocratic behavior however, suggests that he is

willing to relinquish, much less share, political power. In the event that Chavez loses control of the National Assembly or if he loses the 2012 presidential election, he may reject public consensus and seize enduring control of the Venezuelan Government. Although it is impossible to definitively determine his intent, he is taking measures to solidify his political position. This November, President Chavez appointed Army Major General Henry Rangel Silva to be the general-in-chief of Venezuela's Strategic Operational Command, the senior position in Venezuela's military. In comments leading to his appointment, Silva stated that the Venezuelan military supports Chavez' socialist agenda; and he implied that the military institution would not support an opposition government if Chavez loses the 2012 election.<sup>7</sup> Most recently, the outgoing National Assembly passed legislation enabling Chavez to rule by decree for the next 18 months; allowing him to effectively bypass parliamentary oversight until the 2012 national elections.<sup>8</sup>

While Chavez' domestic policies create cause for USG concern, his actions and relations with states, both within the region and external to it, present the greatest threat to regional stability. At present, Venezuela is in conflict with Columbia, its southern neighbor, over territorial disputes and Columbian allegations that the Venezuelan Government is providing sanctuary and direct military support to the Revolutionary Army Forces of Columbia (FARC). Politically, the FARC shares common socialist values with Chavez' Bolivarian Revolution. Venezuela also supports socialist regimes in Ecuador and Bolivia. Following the example of Chavez, the leaders of both countries display a similarly open enmity towards the USG.

Notably, Chavez maintains ostensibly close relations with the leaders of Russia, China, Syria and Iran. In each example, the leaders of these governments stifled opposition to retain political power. President Chavez' highly visible and collegial relations with Vladimir Putin and Dmitry Medvedev in Russia and Mahmoud Ahmadinejad in Iran, for example, suggest that he shares common political values with them. If Chavez does seize power in Venezuela, the aforementioned leaders are likely to support him and prevent or mitigate adverse international actions.

### Russia – A Growing Menace

Of Venezuela's three overseas benefactors – Russia, China and Iran – Russia is arguably the most dangerous state actor to United States' interests in South America and Venezuela specifically. Unlike China, which is primarily motivated by economic interests to secure natural resources in Venezuela; and Iran, which seeks to partner with a government that shares its animosity towards the United States; Russian interest in Venezuela is indirectly, but consequentially linked to its national interest to impede USG influence in Europe. Additionally, Russia is historically expansionist and opportunistic. Presently, Russia has the means and the proclivity to pursue an active foreign policy in South America.<sup>9</sup>

Before transitioning to an evaluation of Russian interests, I offer two assumptions that I consider relevant to Russia's relationship with Venezuela. Firstly, Russia's relationship with the United States is more important to the Russian Government (by orders of magnitude) than is its relationship with Venezuela. Simply put, Russia has no vital national interests in Venezuela. Although Russia foreign policy seeks to limit U.S. global influence, it will not sacrifice relations with the USG over Venezuela.

Second, President Chavez needs Russia's support to enable him to confront the United States and to pursue his most controversial foreign policies. With the exception of the state leaders of Iran, Cuba, Ecuador and Bolivia, Chavez has few supporters. Arguably, Russia is postured to markedly influence Chavez' behavior by withholding moral, economic and, most importantly, military support. He is less likely to challenge USG interests if Russia opposes his actions.

To explain Russia's actions in Venezuela requires a brief synopsis of the state's recent history. Russia (formerly the Soviet Union) fought two wars of survival (World War I and World War II) against Germany and its European allies. The country's view towards the world, and its perceived stature relative to other states, is largely shaped by those wars and its post-World War II relations with the United States. In short, Russia remains anxious about future encroachment or aggression against its western borders; and the protection of its western border is a vital national interest.

Emerging from World War II after suffering close to 18 million deaths (military and civilian)<sup>10</sup>, Russia's relations with its wartime allies – the United States, Great Britain and France) rapidly deteriorated due to differences concerning the disposition of Eastern European countries occupied by the Soviet Army. Soviet premier Josef Stalin rejected Western demands for free elections, and he imposed communist governments that were receptive to Russian dominance<sup>11</sup>. In response, the United States and Western European countries established the North Atlantic Treaty Organization (NATO) to serve as a protective alliance against Russian aggression in Western Europe. Additionally, the Truman Administration developed and implemented strategies to limit Soviet influence. Following North Korea's invasion of South Korea in June 1950, the USG

instituted policies outlined in NSC-68 that called for the containment of the Soviet Union and the prevention of global communist expansion.

In December 1991, the Soviet Union collapsed, resulting in the eventual formation of fifteen separate countries<sup>12</sup>. Russia now faced sovereign countries along its western border that were receptive to American and Western European entreaties. Additionally, Russia reverted from a superpower state able to project power to an economically-constrained, second rate – *albeit nuclear armed* – country. For a people accustomed to superpower status, the Russians disparaged (and continue to resent) their diminished international status.

NATO's expansion eastward began with the reunification of Germany in October 1990; and present membership (in addition to the original members) includes Poland, Slovenia, Slovakia, Bulgaria and Romania; and former Soviet republics Estonia, Latvia and Lithuania. Ukraine and Georgia, former Soviet republics and historical members of the Russian empire, are possible candidates for entrance into NATO. In February 2010, Russian President Dmitry Medvedev remarked "The issue is that NATO's endless enlargement, by absorbing countries that were once part of the Soviet Union, or who are our immediate neighbors, is of course creating problems because NATO is after all, a military bloc."<sup>13</sup> President Medvedev's comment is both revealing and significant because it links Russia's confrontational foreign activities in support of the Venezuelan Government to its vital national interests. It also provides the USG with ways to limit Russian support to President Chavez.

Russia's policies in Venezuela are partly in response to NATO's expansion into Eastern Europe; reflecting Russia's perceived relations with the United States. As a

matter of enduring foreign policy, Russia seeks to confront U.S. hegemony. However, the degree of confrontation is relative to the extent of good will that exists between the USG and the Russian Government. As of this writing, relations between the governments appear to be good as evidenced by the Senate's recent ratification of the New START. This current sense of good will provides the Obama Administration an opportunity challenge Russia's activities in Venezuela.

Russia's agreement to build a nuclear power plant in Venezuela is the most precarious issue facing the USG and the region in general<sup>14</sup>. While motivated economically, the Russian Government considers building a nuclear power plant in Venezuela a low-risk means to limit America's policy options towards Venezuela and its neighbors. If completed, Russian leaders realize that the USG is not likely to use military power against a nuclear-capable Venezuela. Additionally, nuclear capability in Venezuela potentially creates regional problems as other South American countries react to a perceived shift in the balance of power. The USG may be obliged to forcefully oppose Venezuela's endeavor. The subject of nuclear proliferation is addressed latter in the monograph.

Less directly perilous to the United States, but foreboding to Venezuela's neighbors and the region is Russian resourcing of the state's significant military build-up. In September 2009, Russia signed an agreement to provide Venezuela a \$2.2 billion loan to purchase 92 tanks and S-300 anti-aircraft missiles.<sup>15</sup> Also, Russia intends to build an assault rifle factory in Venezuela.<sup>16</sup> This, in addition to 24 fighter aircraft and over 100,000 AK-47 assault rifles already purchased, threatens to destabilize Central and



South America. In view of Chavez' alleged support to FARC, Venezuela's expanding military capabilities directly threaten the Colombian Government.

To be sure, convincing the Russian Government to do something it does not want to do will be difficult for the USG. As discussed, Russia is skeptical of USG intentions, is economically motivated, and is in a strong position to challenge USG interests.

Concomitantly, the Obama Administration is committed to "Re-set" relations with Russia on a more positive, bi-lateral footing; as evidenced by the administration's decision to drop a plan to base a missile defense system in Eastern Europe and by signing the Strategic Arms Reduction Treaty in April 2010.<sup>17</sup> In light of these sentiments and events, neither country wants to jeopardize relations; but neither feels compelled to give in to the other in regards to policies in Eastern Europe or Venezuela.

It is essential to define the compromises the USG anticipates from Russia, and how those concessions could affect Russia's enduring interests. In short, the USG wants Russia to abjure introduction of capabilities in Venezuela that destabilize the Western Hemisphere. Specifically, the USG wants Russia to refrain from building a nuclear power plant in Venezuela; and to sell Venezuela military hardware and production capabilities that meet Venezuela's self-defense needs. Abiding these compromises, Russia stands to lose monetarily. More significantly, concessions to the USG risk Russia's perceived international power relative to the United States. Equally important, Russia stands to diminish its international credibility as a reliable diplomatic, economic and military partner. The USG is able to compensate Russia economically through favorable trade agreements or financial aid; but the other two issues present the greater diplomatic challenge.

Resolving the prestige and credibility concerns obliges the USG to readdress Eastern European issues important to Russia to obtain Russian concessions in Venezuela and the South American region. For starters, to assuage Russia's perception of being treated as a second-rate power, the USG is best served to deal with the Russian Government on a basis of state equality; and not dwell on Russia's slide to autocracy during negotiations.

As a topic of national interest, Russia maintains that the former Soviet states remain within Russia's sphere of influence; a claim that President Obama publicly rejected in July 2009.<sup>18</sup> The first negotiation challenge, in view of the opposing positions on this matter, is to establish common ground to provide a starting point for negotiations. Russia is concerned with encroachment on its western boarder; whereas the USG does not want destabilizing, external influences in South America. These respective interests provide that common ground.

As a major departure from current policy, the USG could acknowledge Russia's proximal interests in the Ukraine and Georgia. In exchange, calling on the Russian Government to respect enduring U.S. interests in South and Central America; and withdrawing contentious economic and military support from Venezuela. While this revised policy is likely to generate protest from the United States' European allies, the USG has two compelling reasons to reject European protests and pursue this course of action. Importantly, the USG has no vital national interests in either Ukraine or Georgia; whereas security and stability in South and Central America remain important and enduring national interests<sup>19</sup>. Secondly, as sovereign states recognized by the international community, Russia is unlikely to use military power against either state due

to the risk of losing economic integration with Western Europe. While Russia is able (and expected) to continue using soft power in these states, it risks relations with Western Europe and the European Union (with significant diplomatic and economic implications) if it resorts to use of hard power. To appease Western European concerns and to leverage long-term Russian cooperation, the USG retains the latitude to reintroduce missile defense in Eastern Europe. In view of its present foreign policy towards Russia, the Obama Administration is not disposed to employ that form of coercion without compelling cause.

#### Iran – *Friends for Convenience*

Venezuela's relationship with Iran is an annoyance and a problem, but the threat to U.S. interests and regional stability is less existential than Venezuela's relationship with Russia. The reasons for this are threefold. Firstly, state economic interest – specifically high oil prices – drives the relationship between Venezuela and Iran. Both are member states of the Organization of Petroleum Exporting Countries (OPEC), and cooperate to counter Saudi dominance of the organization's production policies. Absent alternative revenue sources, Venezuela and Iran work together to limit OPEC's output to maintain high oil prices. Beyond these core economic interests, the states have few similarities or enduring, common interests.

Iran is a regional power with limited means to project state power to South America. Militarily, Iran continues to fight proxy wars through Hezbollah in Southern Lebanon, Hamas in Gaza and Shiite militias in Iraq; which controls attention and limits available resources to commit elsewhere.<sup>20</sup> Iranian foreign policy is severely constrained due to United Nations-imposed diplomatic and economic sanctions resulting from its ongoing

nuclear policies. Iran is also experiencing both internal government strife and increasing public discord following disputed state elections in 2009. Given these circumstances, relations with Venezuela will be limited to mostly diplomatic and economic cooperation for the foreseeable future.

The current relationship between Venezuela and Iran is sustained by the personal relationship between President Chavez and Iranian President Ahmadinejad. Both leaders share an enmity towards the United States, and regard the USG as a direct threat to their states' regional ambitions. Venezuela and Iran are too socially and politically different to sustain a strong alliance. Arguably, if one or both state leaders lost power, the respective foreign policies would gradually revert back to the former status quo.

In consideration of these points, what are the risks to United States' interests and why should the USG be concerned about Venezuelan-Iranian relations? To answer to those questions, a broader understanding and assessment of the motives of the Venezuelan and Iranian presidents is required. To begin with, both leaders have disproportionate views their respective countries as regional powers with legitimate aspirations for expanded world power and influence. To attain its desired position relative to other states, for example, the Iranian Government implemented a nuclear power program ostensibly for peaceful uses; but with the probable, near-term end state of producing a nuclear weapons capability. Although President Chavez claims that Venezuela intends to pursue nuclear power for peaceful purposes, his views on Venezuela's relative importance, his belligerent history, and his veneration of Ahmadinejad's example suggest that he has different objectives in mind. For his

purposes, Iran possesses the technical knowledge to enrich uranium and assemble a nuclear weapon; and that Iran is presumably willing to share that knowledge with Venezuela. In exchange for Iran's technical support, Venezuela supplies uranium and other economic support to Iran for its nuclear program.<sup>21</sup>

Iran's successful pursuit of nuclear weapons capability could be a watershed event for global non-proliferation with direct implications on Venezuela. As evidenced by Pakistan, North Korea and Iran, the United Nation's Non-Proliferation Treaty (NPT) is failing and is effectively unenforceable. In its 2008 report on global expansion of civil nuclear power, the International Security Advisory Board (ISAB) highlights the relative ease for states to exploit "loopholes" in NPT guidelines to develop nuclear capability.<sup>22</sup> Without the discipline of the state suppliers of nuclear technology (like Russia) to control proliferation, the USG is in a conundrum. In short, the USG can continue to enforce non-proliferation through United Nations organizations and protocols; or it can follow more direct actions against violating states.

In one example, the Israeli Government considers a nuclear-armed Iran to be an "existential threat" and it conveys its willingness to prevent that occurrence.<sup>23</sup> As discussed, the USG does not want Russia to build a nuclear power plant in Venezuela; and it is feasible (albeit difficult) that the USG can negotiate a commitment from the Russian Government to renege on its agreement. Among its recommendations, the ISAB advises the USG to "focus its non-proliferation efforts for the near term on uniting the nuclear suppliers, rather than taking on the full panoply of international states."<sup>24</sup> In the event Venezuela actively pursues and is close to obtaining nuclear capability (particularly if Chavez or a chosen successor remains in power), the United States may,

similar to Israel's position towards Iran, consider the security risk sufficient to deliberately reduce Venezuela's capability.

### The Organization of American States – *Why South America Acquiesces?*

In view of President Chavez's domestic policies, Venezuela's expanding military and the country's often bellicose relations with neighboring states; it begs the question why other South American states tend to avoid confrontation with the Venezuelan Government. As a best case situation, the USG could exploit regional concerns about Venezuela's destabilizing policies through the OAS and obtain mutually acceptable strategies to limit the Venezuela's most adverse domestic and foreign activities. Historical relations between South American states run deep, and the complexity of state relations preclude the likelihood of this type of agreement. Despite his often boorish demeanor and personal friction with other South American leaders, Hugo Chavez is generally successful in managing regional, foreign policy matters. Significantly, he has successfully isolated unfriendly neighboring states and prevented OAS cooperation to oppose Venezuela's most egregious policies. He also marginalized the USG's ability to do likewise.<sup>25</sup>

As a South American politician, Hugo Chavez is not an exceptional character. The political history of the Caribbean and South America is rife with figures opposed to United States hegemony who actively sought external support to blunt USG pressure. Fidel Castro, Daniel Ortega and Manuel Noriega serve as obvious, recent examples of state leaders who directly challenged American foreign policy. What makes Chavez unique is that he has the ways and the means to challenge the USG through the use of social power foreign policy.

As described by Javier Corrales in his article describing Venezuela's foreign policy, social power "allows the projecting nation to attract allies...because it provides governments with far more latitude in domestic spending than is the case with any form of Western aid."<sup>26</sup> Instead of exporting revolution or violence, Chavez achieves his foreign policy objectives through generous spending. In short, Hugo Chavez creates loyalty (and an element of dependency) through direct investment, grants, low-interest loans and favorable economic agreements to cash-strapped countries. For example, beginning in 2005 Venezuela began purchasing Argentinean bonds to assist that state to make debt payments to the International Monetary Fund. At present, Venezuela holds over \$5 billion in Argentinean bonds.<sup>27</sup>

The most appealing aspect of Venezuela's patronage is that it is unaccountable and is provided unconditionally. To maximize the moral effects of this policy, Chavez' "goes out of his way to flaunt his largesse"<sup>28</sup> through the use of public media. Social power foreign policy is an effective, non-threatening method Chavez uses to challenge the United States' influence in the region; and at present the USG has no plan to counter his largesse by offering equal or greater economic support.

#### Direct Policy Options Towards Venezuela

Under the Obama Administration, foreign policy is tailored to individual, South American states instead of a broader, regional approach<sup>29</sup>. USG interests in Venezuela center on maintaining stability in the Americas. In short, the USG seeks to foster a relationship with Venezuela that is receptive to collective prosperity and to the advancement of democratic values and institutions. However, America's democratic ideals and traditions markedly differ from Venezuela's checkered democratic past.

Consequently, both states struggle to find common political ground; particularly with Hugo Chavez in power. Although a charter member of the Organization of American States (OAS), the Obama Administration is reluctant to use the United States' dominant position in the OAS to directly challenge the Venezuelan Government<sup>30</sup>. The USG is also sensitive to its imperialistic reputation in Central and South America; a regional sympathy Chavez is quick to exploit.

Absent an unprovoked attack against the United States or one of its OAS allies, the USG is obliged to deal with Hugo Chavez and his government until he is voted or otherwise forced out of office. The USG should challenge President Chavez' domestic credibility and contain his influence in the region through direct and indirect applications of national power. An underlying premise to guide USG foreign policy is that Hugo Chavez threatens regional stability. This threat is manifest in three areas. First, President Chavez intends to alter the balance of power through the purchase of offensively-capable weapons, and he is pursuing nuclear capability. Second, Chavez promotes confrontation between South American states.<sup>31</sup> Finally, Chavez is increasingly autocratic and his actions, as discussed, inform his intent to seize permanent control of the Venezuelan Government.

The USG has limited, direct strategy options to influence the Chavez Government. Diplomatically, Hugo Chavez is unreceptive to improving relations. He recently rejected the USG's appointment of Larry Palmer to be the U.S. ambassador to Venezuela, resulting in the USG expelling Venezuela's ambassador to the United States. Although Chavez is careful to avoid complete severance of diplomatic ties, he actively pursues alternative alliances to marginalize U.S. influence in the region and to reduce



Venezuela's dependency on the United States. Through his anti-American rhetoric, President Chavez has effectively *painted himself into a corner*, and he stands to lose credibility among his domestic and foreign allies if he changes his attitude towards the U.S. He needs the image of Yankee hegemony to detract from Venezuela's economic and social problems, and to justify his increasingly autocratic politics.

The use of military force to remove Hugo Chavez from office and dismantle the PSUV is a feasible, but unacceptable and unsuitable strategy for the USG. Absent a proximate cause or compelling, immediate threat to USG interests, a war of choice stands to erode the United State's credibility and long-term influence in South America. As a counter to Venezuela's growing military capability, the USG retains close ties with Columbia. The USG and Columbian Government recently negotiated an agreement authorizing US military basing in Columbia to facilitate anti-drug trafficking operations.<sup>32</sup> While provocative to the Chavez Government, this agreement enables the USG to deter Venezuelan military aggression without actually increasing U.S. military forces in South America. Absent more U.S. forces or an overt USG threat to use military force, President Chavez is denied an opportunity to improve his domestic standing or his international position by casting the United States as a bully.

If the USG has any direct leverage over Venezuela, it falls within the economic and information instruments of power. Economic influence is *double-edged* and is tied primarily to oil. Arguably, the United States, with its propensity to consume oil and maintain a disproportionately high living standard, is its own worst enemy. For its part, Venezuela depends on oil exports to the United States, which accounted for 18.4% of Venezuela's GDP in 2009.<sup>33</sup> As previously addressed, President Chavez seeks to

reduce Venezuela's economic dependence on the United States, but the United States and China are the only countries able to efficiently process Venezuela's highly sulfuric crude oil. Not surprisingly, the United States is vulnerable as it gets approximately 10% of its oil imports from Venezuela, and has no ready, alternative source to replace that quantity.<sup>34</sup> If an alternative source could be found, or if the United States managed to significantly reduce oil consumption, USG-imposed oil sanctions offer a powerful tool to limit President Chavez's activities and diminish his power.

In June 2006, the Government Accountability Office (GAO) published an energy security report highlighting the political and economic effects resulting from a disruption of Venezuelan oil imports to the United States<sup>35</sup>. According to the 2006 report, the United States economy stood to lose \$23 billion (weighed against the country's \$13 trillion GDP) and oil-based energy prices would rise approximately 20 percent. Although significant, the United States' economy is able to absorb an adverse economic condition like this; and the country could expand domestic output (Alaskan reserves) or negotiate greater imports from more reliable oil suppliers (Canada, Mexico).

For Venezuela, on the other hand, sustaining oil exports is a vital national interest; and the sudden loss of the United States as an oil customer is a direct threat to the Chavez Regime. As mentioned, oil exports account for approximately 90 percent of export earnings and 50 percent of government revenues. Of Venezuela's \$337.3 billion 2009 GDP, the United States provided over \$62 billion (18.4 percent)<sup>36</sup>. Ostensibly, Venezuela could sell its oil to other consuming nations given a tight, international oil market. According to the GAO report however, Venezuela would have difficulty finding alternate markets for its "heavy sour" oil due to refining inefficiencies in other countries.

China, as the state most likely to supplant the United States market, has little economic incentive to purchase and transport Venezuelan crude given the availability of better quality and less expensive sources. Absent the United States buying Venezuela's oil, President Chavez would be severely challenged to sustain domestic largesse and to fund his social power foreign policies. Combined with Venezuela's 2.9 percent GDP contraction in 2009<sup>37</sup>, USG-instituted oil sanctions could result in the economy's collapse and Chavez' removal from power.

Ironically, Chavez' own bellicosity provides the USG a pretext to impose sanctions; provided the USG set conditions to seize on the next opportunity. Chavez has threatened to cut off oil exports several times; most recently last July in response to USG support to Columbia over Venezuela's ongoing dispute with that country. As a condition, the USG is obliged to arrange alternative sources through increased domestic production or foreign contracts.

The USG imposition of other economic sanctions on Venezuela is problematic for the United States. First, Venezuela is a long-term trading partner and a significant consumer of American products. According to the United States Census Bureau, overall U.S. exports to Venezuela increased over 45 percent from 2005 to 2009 (\$6.42 to \$9.32 billion). Although not inclusive, major exports include agricultural products, animal feeds, heavy machinery, computers, aircraft components, telecommunications and medical equipment<sup>38</sup>. If threatened by the possibility of sanctions, special interests representing those specific industries would lobby to impede any government action. Also, other foreign states would quickly fill the void created by unilateral USG sanctions

with long-term implications. In the event of extreme adversity, the United States will lose the public relations war and be held accountable for any Venezuelan suffrage.

Information offers another powerful tool for the USG to weaken both Chavez's domestic political power and his relations with other South American states. The basic theme of a USG information campaign is that Hugo Chavez and the Bolivarian Revolution are bad for Venezuela's people and for the country's future. As mentioned, Chavez' popularity is in decline as Venezuela's economy continues to weaken. This situation, assuming Chavez respects the outcome of any future, unfavorable election results, may lead to his political undoing. In the event that Chavez does seize power, he stands to lose legitimacy; but Venezuela lacks a strong democratic history. He will be able to retain power, but only if he can deliver economic prosperity. Given his government's reckless spending and actions to nationalize industries, this outcome is unlikely.

Second, the socialist policies of the Bolivarian Revolution threaten Venezuela's Catholic tradition, and Venezuela's Catholic leaders are holding Chavez directly accountable. He publicly accused Cardinal-Archbishop of Caracas, Jorge Urosa of conspiracy against the government after Cardinal Urosa challenged Chavez' domestic policies as unconstitutional and a prelude to imposing a "Communist dictatorship."<sup>39</sup> On 11 January 2011, Venezuela's bishops released a public statement strongly criticizing the National Assembly's vote to empower Chavez to rule by decree. Aligning themselves with the Venezuelan people, the bishops declared that the law violates the will of the people.<sup>40</sup> While the Venezuela's Roman Catholic population (96 percent of

the state population) demonstrates minimal political agitation at the present, Chavez is always vulnerable to alienating the masses by publicly confronting the Catholic Church.

As previously noted, Chavez has as many regional opponents and competitors as he does allies. His most ardent allies, Ecuadorian President Rafeal Correa and Bolivian President Evo Morales, offer little tangible support. Notably, the South American countries most able to moderate or limit his regional influence (Brazil and Argentina) have governments unsympathetic to the Bolivarian Revolution. In view of this dynamic, the USG can continue to emphasize the Chavez Government's destabilizing influence in the region. Fortunately for USG policy, President Chavez' actions bear truth on this accusation. While the USG has no reason to believe that the OAS or any South American state will actively seek to remove Chavez from power, it is feasible that these states – particularly Brazil and Argentina – will continue to view Venezuela as an unfriendly agitator and a competitor, and limit policies favorable to his government.

### Conclusion

In conclusion, President Hugo Chavez and his political apparatus are a problem for the USG and a threat to stability in the Southern Hemisphere. While his anti-American rhetoric and autocratic domestic policies adversely affect U.S. regional influence, Chavez' pursuit of nuclear power, his expanded military capabilities, and his willingness to support revolution in neighboring states directly threaten long-term stability.

The best outcome that the USG can promote is that the Venezuelan people vote Chavez out of office and replace his government with one more receptive to American ideals and interests. In view of Chavez' manipulation of Venezuela's political process and his actions to solidify his power position, the USG is obligated to pursue foreign

policy strategies to isolate Chavez internationally and limit his influence in the region.

Absent a strong hand to deal directly with President Chavez, the USG is able to provide incentives for other foreign actors, most significantly Russia, to promote this desired end state.

In this essay, I analyzed USG foreign policy and strategies towards Venezuela; and subsequently concluded that the USG has limited options. To compensate, the USG can use its considerable influence in Eastern Europe to effect Russian policies towards Venezuela. I addressed Russia's 20<sup>th</sup> Century history to establish the basis for the USG and Russia to negotiate limits on Russian support to Chavez. Absent vital Russian national interests in Venezuela, the USG is postured to address Russian concerns about NATO expansion eastward in exchange for limiting Russian support to President Chavez.

Chavez' relationship with Iran is of lesser immediate concern to the USG. Although Iran's nuclear program and willingness to cooperate with Venezuela presents a threat to U.S. interests, Venezuela is not presently able to take advantage of Iran's nuclear expertise. Additionally, the existing relationship of two such different countries is dependent on the relationship of the individual state leaders.

Among the South American states, the USG should not expect the OAS or the more powerful, individual states (Brazil, Argentina) to directly challenge Hugo Chavez. Despite his adverse domestic and foreign policies, President Chavez' effective use of social power foreign policy in the region will continue to divide potential opposition.

With regards to direct application of the instruments of national power, the USG is capable of imposing economic sanctions on oil imports and other U.S. exports to

Venezuela to limit Chavez' regional influence and expedite in his ouster from power. Of consequence, an oil supply disruption directly threatens the U.S. economy; and other state actors stand ready to replace U.S. firms in Venezuela's import markets. Based on analysis of the United States' economic and political strength, the USG is able to withstand the adverse affects.

In the end, Hugo Chavez and the Bolivarian Revolution will follow the same path to demise as did previous Venezuelan autocracies. For the USG, the sooner this event comes about, the better. To be sure, the USG does not need other South American state to embrace his form of adventurism and anti-Americanism.

### Endnotes

<sup>1</sup> Javier Corrales, "Using Social Power to Balance Soft Power: Venezuela's Foreign Policy," *The Washington Quarterly*, October 2009, 97

<sup>2</sup> Michael Shifter, "Hugo Chavez: A Test for U.S. Policy," March 2007, 2

<sup>3</sup> Central Intelligence Agency, "The World Factbook: Venezuela," <https://www.cia.gov/library/publications/the-world-factbook/geos/ve.html>, (accessed 5 December 2010)

<sup>4</sup> Javier Corrales, Ph.D., "Venezuela's Domestic Politics and Foreign Policy: Current Trends: Testimony before the House Committee on the Western Hemisphere," 17 July 2008

<sup>5</sup> The Christian Science Monitor, "Venezuela Election Checks Power of Hugo Chavez," <http://www.csmonitor.com/layout/set/print/content/view/print/328216>, (accessed 22 October 2010)

<sup>6</sup> Brookings Institution, "Venezuela's Parliamentary Elections: Change Can't Happen," [http://www.brookings.edu/opinions/2010/0923\\_venezuela\\_elections\\_cardenas.aspx?p=1](http://www.brookings.edu/opinions/2010/0923_venezuela_elections_cardenas.aspx?p=1), (accessed 22 October 2010)

<sup>7</sup> Joshua Rhett Miller, "Chavez's Pick for Top General a 'Major Insult to Democracy,' Critics Say," <http://www.foxnews.com/world/2010/11/18/chavezs-pick-general-major-insult-democracy-critics-say/>, (accessed 1 December 2010)

<sup>8</sup> Reuters, "Venezuela's Chavez to rule by decree for 18 months," <http://www.reuters.com/article/idUSVEDECREEES20101222>, (accessed 16 January 2011)

<sup>9</sup> Michael Shifter, "Adios Amigos: How Latin America stopped caring what the US thinks" [http://www.foreignpolicy.com/articles/2010/03/02/how\\_latina\\_merica\\_stopped\\_caring\\_what\\_the\\_united\\_states\\_thinks](http://www.foreignpolicy.com/articles/2010/03/02/how_latina_merica_stopped_caring_what_the_united_states_thinks), (accessed 27 January 2011)

<sup>10</sup> World War II Multimedia Data Base, "Combatants in World War II," <http://www.worldwar2database.com/html/frame5.html>, (accessed 16 January 2010)

<sup>11</sup> Steven Ambrose and Douglas Brinkley, *Rise to Globalism: American Foreign Policy Since 1938*, 59

<sup>12</sup> The Cold War Museum, "Fall of the Soviet Union," [http://www.coldwar.org/articles/90s/fall\\_of\\_the\\_soviet\\_union.asp](http://www.coldwar.org/articles/90s/fall_of_the_soviet_union.asp), (accessed 27 October 2010)

<sup>13</sup> Conor Sweeney, "Medvedev objects to 'endless' NATO expansion," <http://www.reuters.com/article/idUSTRE61O2OQ20100225>, (accessed 14 November 2010)

<sup>14</sup> Reuters, "Update 1-Russia to Build Nuclear Power Plant in Venezuela," <http://www.reuters.com/assets/print?aid=USLDE69E22G20101015>, (accessed 3 November 2010)

<sup>15</sup> Reuters, "U.S. concerned over Venezuela-Russia arms deal," <http://www.reuters.com/article/idUSTRE58E0TY20090915>, (accessed 15 November 2010)

<sup>16</sup> Ibid

<sup>17</sup> Jim Nichol, "Russian Political, Economic, and Security Issues and U.S. Interests," Congressional Research Service, 29, 15 July 2010

<sup>18</sup> Ibid

<sup>19</sup> Alfred Stephan, "The United States and Latin America: Vital Interests and the Instruments of Power," Foreign Affairs, (<http://www.foreignaffairs.com/articles/33346/alfred-stepan/the-united-states-and-latin-america-vital-interests-and-the-inst>), (accessed 30 January 2011)

<sup>20</sup> Casy L. Addis et al., "Regional Perspectives and U.S. Policy," Congressional Research Service (13 January 2010), 18.

<sup>21</sup> Richard Javad Heydarian, "Iran's Adventures in Latin America," <http://www.iranreview.org/content/view/6276/41/>, (accessed 2 December 2010)

<sup>22</sup> International Security Advisory Board, "Report on Proliferation Implications of the Global Expansion of Civil Nuclear Power," 7 April 2008, 3.

<sup>23</sup> Addis, "Regional Perspectives and U.S. Policy," 39

<sup>24</sup> International Security Advisory Board, "Report on Proliferation Implications of the Global Expansion of Civil Nuclear Power," Appendix A – Summary of Recommendations, A-1.



<sup>25</sup> Michael Shifter, "In Search of Hugo Chavez," <http://www.foreignaffairs.com/articles/61703/michael-shifter/in-search-of-hugo-ch%C3%83%C2%A1vez>, (accessed 30 January 2011)

<sup>26</sup> Corrales, "Using Social Power," 97

<sup>27</sup> The Economist, "The Chavez Play: Venezuela's President Tries his Hands at Financial Arbitrage," [http://www.economist.com/node/8086810?story\\_id=8086810](http://www.economist.com/node/8086810?story_id=8086810), (accessed 5 December 2010)

<sup>28</sup> Ibid

<sup>29</sup> Frank O. Mora, Ph.D., "The Top Seven Myths of J.S. Defense Policy Toward the Americas," *Military Review* (September-October 2010): 3.

<sup>30</sup> Ibid

<sup>31</sup> Shifter, "Hugo Chavez: A Test for U.S. Policy," 7

<sup>32</sup> STRATFOR, "Analysis: Columbia-Venezuela – Another Round of Diplomatic Furor," [http://www.stratfor.com/memberships/168229/analysis/20100729\\_colombia\\_venezuela\\_another\\_round\\_diplomatic\\_furor?ip\\_auth\\_redirect=1](http://www.stratfor.com/memberships/168229/analysis/20100729_colombia_venezuela_another_round_diplomatic_furor?ip_auth_redirect=1), (accessed 16 January 2011)

<sup>33</sup> US Department of State, "Background Note: Venezuela," <http://www.state.gov/r/pa/ei/bgn/35766.htm>, (accessed 9 November 2010)

<sup>34</sup> US Energy Information Administration, "Crude Oil and Total Petroleum Imports Top 15 Countries," <http://www.state.gov/r/pa/ei/bgn/35766.htm>, (accessed 9 November 2010)

<sup>35</sup> Government Accounting Office, "Energy Security: Issues Related to Potential Reductions in Venezuelan Oil Production," June 2006

<sup>36</sup> US Department of State, "Background Note: Venezuela," <http://www.state.gov/r/pa/ei/bgn/35766.htm>, (accessed 9 November 2010)

<sup>37</sup> Ibid

<sup>38</sup> US Census Bureau, "Foreign Trade: US Exports to Venezuela by 5-digit End Use Code 2005-2009," <http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c3070.html> (accessed 29 November 2010)

<sup>39</sup> Trends Updates, "Hugo Chavez Versus Catholic Church," <http://trendsupdates.com/hugo-chavez-versus-catholic-church/>, (accessed 14 November 2010)

<sup>40</sup> Christian Telegraph, "New Venezuelan laws ignore will of the people, warn bishops," <http://www.christiantelegraph.com/issue11925.html>, (accessed 16 January 2011)

